

**MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
Town Hall, 240 East Gammon Road, Vineyard, Utah
August 10, 2016 – 7:22 PM**

Present

Chair Randy Farnworth
Boardmember Tyce Flake
Boardmember Julie Fullmer
Boardmember Dale Goodman

Absent

Boardmember Nate Riley

Staff Present: Public Works Director/Engineer Don Overson, Building Official George Reid, Community Development Director Morgan Brim, City Clerk/Recorder Pamela Spencer, Finance Director Jacob McHargue, Utah County Sheriff's Deputy Collin Gordon, City Attorney David Church, Water and Wastewater Systems Manager Sullivan Love, Cody Deeter with Lewis Young Robertson & Burningham.

Others Present: Gerald Anderson, Stewart Park and Jeff Walker with Anderson Geneva.

Chair Farnworth opened the meeting at 7:22 PM.

CONSENT AGENDA: No items were submitted.

BUSINESS ITEMS:

2.1 DISCUSSION AND ACTION – Walmart Incentive

Anderson Geneva on behalf of Walmart is requesting that the RDA pay to Anderson Geneva, LLC \$2.00/sq.ft. (\$1,742,400) as an incentive to sell the property to Walmart at a discounted price of \$4.00/sq. ft. (The 20-acre parcel is worth at least \$6.00/sq. ft.) Anderson Geneva is willing to accept these incentive payments totaling \$2.00/sq.ft. (\$1,742,400) plus 7.5% interest over the life of the RDA and will sell the 20-acre property to Walmart at the discounted price of \$4.00/sq.ft.

Chair Farnworth gave a brief overview of the request. He mentioned the memorandum from staff in regards to the discussion from the last RDA meeting. Chair Farnworth ask the Board for comments. Boardmember Flake supported the work the staff had done in the past week.

Here is the memorandum:

*TO: RDA Board (Town Council)
FROM: Jacob McHargue, Don Overson, and Morgan Brim
DATE: August 10, 2016
SUBJECT: Walmart incentive, infrastructure and application process*

This memorandum is intended to provide the Redevelopment Board("Board") guidance in their consideration of an RDA application submitted by Anderson Geneva, LLC on Friday July 1, 2016 regarding improvements to property located on the northwest corner of Geneva Road. This application includes the following five requests:

1. \$19,200,000 to remediate site and ground contaminate
2. \$5,000,000 for remediation of contaminated ground water
3. \$1,742,400 to buy down the purchase of the property to accommodate a new Walmart Super Store
4. \$1,400,000 for roads, storm drainage, sewer and culinary water infrastructure
5. \$2,500,000 for the removal of subterranean concrete material

The board recently approved items 1 and 2, covering the costs of said remediation efforts. During tonight's meeting, the applicant is requesting the board to approve items 3-5.

Walmart Land Buy down

In reviewing item 3 regarding a land buy-down of the subject property as an incentive for the construction of a new Walmart Super Store, staff has found that the Geneva Urban Renewal Area Plan ("Plan") does not delineate clear support for this type of economic incentive. However, the plan prioritizes, with the assistance of the land owner, remediation efforts and "back bone" infrastructure. Additionally, the RDA has agreed to fund remediation efforts, which, when completed, will provide added value to the subject property. If the RDA approves this request, they will be paying the land owner back for the value that remediation, and infrastructure (if approved), added to the property. The plan states that the board should assist property owners, not cover the full costs.

Applicant Contributions

Section 3 of the plan requests information regarding financial contributions from the applicant. This has been discussed in prior meetings, however, the current application does not specify any applicant participation. As staff we do not believe this application is complete, and we are requesting that this application, as well as any future applications that do not specify any owner participation, be denied. In section 9 of the plan, it states that "the Town and Board desire to assist in the remediation of the site." In section 13A it states "it is not the intent of the agency to fund the full cost of the remediation, rather, to assist with remediation in areas where remediation may be cost prohibitive."

Infrastructure

Section three of the RDA Incentive Application requests that the applicant attach documentation verifying the total cost of the project. In regards to item 4, the infrastructure request, the applicant has not provided any documentation to verify the cost of the infrastructure. We recommend that this request be continued until we have received the necessary documentation from the applicant. In addition to this, in section 13 of the RDA Plan, it says "Agency funds used for public infrastructure will focus on "backbone" infrastructure necessary to promote and provide for economic and community development within the Project Area." The applicant is requesting funding for two roads, one internal to the subject property and one on the north side of the property that will provide access to Geneva Road and the future Mill Road extension. Staff believes that the internal site road does not meet the intent for "backbone" infrastructure as it will serve one development site. However, the road to the north may provide a component for necessary backbone road network and serve a greater use for the RDA area, potentially qualifying RDA assistance.

Capital Facilities Plan

In section 13 of the RDA plan it discusses a capital facilities plan. We are working together to clearly define the projects that should currently be on this list. This will allow future applicants to see where their project is prioritized on the list. This will also assist the board throughout the application process as we look at available funding and compare that with the list of projects.

Application Process

The current application process is not well defined and needs to be improved to provide enhanced communication between staff, applicants and the agency, to ensure accuracy in submitted materials and to provide a greater level of analysis from staff. Staff is proposing the following application process for all RDA applications:

- 1. Preapplication meeting with staff project manager or development review committee (DRC) to address application requirements, process and criteria;*
- 2. Applicant submits application;*
- 3. Project manager certifies that the application is complete;*
- 4. Project manager transmits application to all DRC members for their review (approximately two weeks);*
- 5. DRC meeting with the applicant to discuss details of their request and to address staff concerns;*
- 6. DRC will forward recommendation to the board for their consideration, and*
- 7. Board will consider the applicants request and staff's recommendation and make a final decision.*

➤ Amend Application Form

The current application form needs to closely align with the criteria outlined in the plan. Staff is proposing a detailed application to provide applicants greater guidance in preparing their applications. Staff's goal is to have a draft application form to present to the board prior to the next RDA meeting.

➤ Development Review Committee

Each Thursday, staff holds a DRC meeting to discuss upcoming and current projects. As described above, this forum provides an opportunity for staff to meet with developers and contractors to answer questions, discuss concerns, and finalize details prior to moving the project forward in the public process. Upon receipt of an RDA Incentive Application, the applicant will be required to attend a DRC meeting to discuss the details of the application. This will facilitate a streamlined process, as well as assist the board in the approval process. Currently there is not a formal opportunity to discuss applications as a group and we believe this would be a valuable change.

➤ Point of Contact

Applications currently do not have a point of contact within the town. Staff is proposing that the finance director be positioned as the project manager over all future RDA applications. The finance director will review for application completeness and oversee the review and processing of the application in the process denoted above. Having an established point of contact will add value by increasing the level of organization.

Recommendations

1. *Deny request to buy-down land.*
2. *Continue request for infrastructure funding and request documentation.*
3. *Continue request for concrete removal and request documentation.*

Chair Farnworth turned the time over to Finance Director Jacob McHargue.

Mr. McHargue explained that he and Mr. Brim and Mr. Overson reviewed the request and came up with the recommendations. He said that they recommended the buy down request be denied because they felt that because of the money approved by the RDA to clean up the site, and if they approve the money for infrastructure and concrete removal then they would be increasing the value of the land. He explained that they recommended the Board continue the request for the infrastructure funding and the concrete removal because they felt there was not enough documentation on the costs.

Chair Farnworth felt that they needed to meet with Anderson Geneva and go through the application to make sure that all of the areas were addressed. Mr. McHargue mentioned that the second part to the memorandum was to change the application process. Staff felt that they needed to review the applications with the applicants before they were presented to the RDA Board. Mr. Brim stated that this was a process they were recommending to provide better communication and bring to the RDA Board a complete project along with a staff report. He wanted to involve the Development Review Committee (DRC) to formulate a staff analysis and recommendation. He explained how the DRC process worked. Staff felt the finance director should meet with the applicant first then send it out the DRC for recommendations. He stated that their hope was to formalize this process and designate a project manager.

Chair Farnworth agreed that they needed to have a formal process. Mr. Brim explained that a similar process had been done for other applications and felt it had been successful. Chair Farnworth stated that these were recommendations from the staff.

Chair Farnworth reviewed the recommendations made by staff. He felt that once the land was cleaned up it would increase the value of the land and then people would pay them for the value of the land.

Jeff Walker felt that staff was not following the new procedures for being put on the agenda. Chair Farnworth replied that when you work with individuals they do not get all of the information and never work as group. He mentioned that Anderson Geneva in the past had given the Board the information at 4 PM the day of the meeting and expected the Board to be ready to discuss it. Chair Farnworth stated that they needed to start a formal process to make sure that the RDA was above board.

There was discussion about past procedures and lack of inclusion of all parties. All parties felt that communication was lacking and that they were being left out of discussions and meetings. Mr. Anderson mentioned that they had requested the city provide an Economic Development Director. Chair Farnworth felt that Vineyard was making progress with their staff and procedures. He added that they now had an Economic Development Director to work with Anderson Geneva. He felt that there was not enough information to make an informed decision on spending millions of dollars so the Board asked staff to research it and make a recommendation. Boardmember Fullmer stated that she read the letter and felt that it had

apologized for the delay in receipt of the memorandum and had explained the new process. She felt that staff had looked deeply into the issues before making the recommendations which she had asked for. She stated that the recommendations were not part of the new procedures they wanted to implement for reviewing the applicant's requests. She added that she asked for information on the UVU payment which she shared with Anderson Geneva. Mr. McHargue affirmed that the recommendations were based on the current application process.

There was further discussion on the completeness of the application submitted by Anderson Geneva. Mr. Anderson explained that they were asking for a budget, not an appropriation, and that they would be tying cash flow with proof of money. He hoped that they would not have to use any of the money for the concrete removal but needed something to present to U.S. Steel for negotiation.

There was discussion on the payments to Anderson Geneva for cleanup. Mr. Anderson explained that they only paid the actual costs, not the budgeted amounts.

Boardmember Fullmer Julie felt that they needed more information and that the Board should continue it until Anderson Geneva could meet with staff. Mr. Anderson explained that Anderson Geneva was not getting two-thirds of the land value they were getting in Orem or American Fork, because of environmental cleanup.

Boardmember Goodman asked what Anderson Development paid for the Geneva property. Mr. Anderson replied that they paid about \$.75 a square foot. He mentioned that they would be on the line environmentally for the rest of his life and his children's lives. He said that Anderson Geneva and U.S. Steel would be involved in every lawsuit that came along. He added that they also had yearly testing that had to be done.

Chair Farnworth felt that staff needed to understand the process so that they could inform the Board and answer their questions. He thanked Mr. Anderson for the bonds and felt that Walmart was a good thing. He said that with the Anderson Geneva's request they did not know how much the Board would have to pay. He felt that the staff needed a cost estimate and that they needed to be on the same page.

Boardmember Fullmer asked if Anderson Geneva had a presentation. Mr. Anderson replied that they did.

Mr. West observed that it did not matter what they said tonight; their request would be denied. He felt that the planner did not like cities incentivizing the purchase price and that he was now orchestrating the denial without allowing the applicant to present their request.

Boardmember Fullmer explained her process for reviewing the items on agenda. She felt that she had made fair decisions in the past. Mr. Anderson explained that they had started in 2015 on the Walmart project and they were now on the third town planner in that time period. He said that they encouraged council participation, and Councilmember Goodman attended three (3) meetings. Boardmember Fullmer said that she wanted to do the research, see their presentation and review everything before making a decision.

There was further discussion on the current application and the process they needed to go through. The board felt they needed more information. Mr. Anderson stated that they were

willing to sit down with staff. There was continued discussion. Boardmember Fullmer wanted to look at the presentation, take the staff's advice and review it over the next two weeks.

There was discussion on the UVU memorandum and it was decided that this was not the place to discuss it.

Mr. Anderson felt comfortable with Boardmember Fullmer's recommendation. He added that he was not advocating that the city do something hastily and wanted the board to feel comfortable.

Chair Farnworth turned the time over to Mr. Anderson.

Mr. Anderson gave an overview of what had been done in the past. He said that the two (2) budget requests were for environmental cleanup and that they would be coming with a proposal for when they needed money and who would front it. He felt that the Megaplex was a good thing and mentioned that it was the number 2 theater in the chain and had the highest sales of any theatre in Utah County. He added that the Vineyard Maverik had to pay a dollar an hour more for starting wages because of the heavy workload on the employees.

Mr. Anderson stated that the city had already approved \$19 million for remediation and \$5 million to clean up the ground water. He said that Walmart had originally proposed a 120,000 square foot building. He mentioned that when they did the market study there were 25,000 people in the Vineyard market when using 800 North (Vineyard Connector) and Geneva Road as the center of the study. He said that it would be a super store including a fulfillment center where people would order online and pick up at their drive-up window.

He said the concern was environmental cleanup and that he resisted a rezone of the property. Mr. Brim mentioned that the property was currently not zoned, and they were looking at creating two (2) zoning districts. He suggested that they rezone to Regional Commercial.

Mr. Anderson said that it was a 130-acre site and explained where the Walmart would sit on that site. He said that Walmart was proposing a gas station and a Walmart with a fulfillment center. He proposed that Anderson Geneva would keep or sell all outparcels for future developments. He said that they would need infrastructure and were proposing installing half of the road now. He said that the infrastructure cost would be \$1.4 million. Concrete removal was at \$2.5 million, with the goal to spend nothing on it. He mentioned that he was negotiating with Walmart on how much concrete would be removed. He said that land costs were coming in at \$8 a square foot and Anderson Geneva was willing to give \$2 a square foot and Walmart was willing to pay \$4 a square foot, so they were asking \$2 a square foot from the RDA. He felt that once the ground was remediated it would be worth the same as any other property. He said they were having to discount the property because of the potential buyer's concern with the environmental cleanup.

Mr. Anderson said that the infrastructure would cost \$1.4 million. They had proposed a five (5) lane road which would go into UVU property and could take traffic off of the Connector.

Boardmember Flake asked what the road they proposed would be fronted by. Mr. Anderson replied that it would be fronted by retail space. Boardmember Flake asked what they envisioned as the commercial properties that would populate the area. Mr. Anderson replied that they were trying to get Sam's Club along with small shops such as restaurants and other retailers.

Mr. Anderson explained the benefits vs the costs to the city.

Activity	RDA Request	RDA Financial Benefit
Infrastructure	\$1,400,000	
Concrete removal	\$2,500,000	
Land Incentive	\$1,742,400	
Total	\$5,642,400	
Sales Tax		\$750,000 annually
Property Tax		\$420,116 annually
New Jobs		350
Total		\$1,170,116 annually

Boardmember Flake asked what the three (3) year projection was based on. Mr. Anderson replied that it was based on environmental cleanup. He said that Walmart's deal was conditional upon the removal of the railroad tracks, environmental cleanup and access off of Geneva Road. He did not know if he could have the Walmart section cleaned up in a year and cause Walmart to start construction sooner. He mentioned that it was up to the city as to when the rail spur would be removed. He said that it would require an agreement with UDOT on the access points and where they could be done. Mr. Overson mentioned that they were working on an agreement, but they were not sure where the development would take place. Mr. Anderson explained where Walmart would sit once the right-of-way was determined and purchased by UDOT. He said that the city could use the money from the sale of the right-of-way with UDOT to help pay back the bond.

Chair Farnworth asked for clarification on the area where the nitrogen plant was located. Mr. Anderson stated that they would be meeting with the nitrogen plant to incentivize them to move. He added that the city and UDOT would have to come up with an agreement on where the boundary lines were. He stated that part of the deal would be figuring out how wide Geneva Road would be and what the rest of the land could be used for. Mr. Brim was concerned with being able to bringing the land up to a retail standard. Mr. Anderson explained the differences in the levels of environmental cleanup. He recommended that it be zoned C-3, commercial zone (big box retail) to generate more revenue.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FULLMER MOVED TO CONTINUE ITEM 2.1.
BOARDMEMBER FLAKE SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR.
MOTION CARRIED WITH ONE ABSENT.

ITEMS REQUESTED FOR NEXT AGENDA – no items were submitted.

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FULLMER MOVED TO ADJOURN THE MEETING AT 8:51 PM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

MINUTES APPROVED ON: August 24, 2016

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA. SPENCER, CITY CLERK/RECORDER